



Title: I, Payroll/Personnel Manual

Chapter:

Bulletin: Title I, 05-16, Thrift Savings Plan (TSP) Changes

Date: December 23, 2005

To: Holders of the Payroll/Personnel Manual
Personnel User Groups
Personnel Offices

Effective in January 2006, the percentage limitations on Thrift Savings Plan (TSP) employee contributions will be lifted. Employee contributions to the TSP will be limited only by the restrictions imposed by the Internal Revenue Code. For 2006, the elective deferral limit is \$15,000.

Effective with the processing of Pay Period 25, the National Finance Center (NFC) will remove the maximum percentage limitations and allow employee contributions up to 99%. Changes to allow 100% employee contributions will be done at a later date.

Employees are strongly encouraged to review their earnings and leave statement to determine the TSP contribution amount or percentage that best works for them, ensuring that other deductions, such as health and life insurance are not adversely affected. The TSP Web site (www.tsp.gov) has several calculators, which employees should take advantage of when making these decisions and in order to maximize their contributions.

Additionally, the Federal Retirement Thrift Investment Board implemented Public Law 107-304, dated November 27, 2002, which permits eligible Thrift Savings Plan (TSP) participants who are age 50 or older to make tax-deferred "Catch-up" contributions from their basic pay to their TSP Account. These contributions are a supplement to the participant's regular employee contributions and do not count against the Internal Revenue Code's elective deferral limit, (\$15,000 in 2006). However, the catch-up contributions have their own annual limit (\$5,000 in 2006) and eligibility criteria.

To view and/or print these procedures, go to NFC's Home Page (www.nfc.usda.gov) and click the **Pubs & Forms** icon. At the Pubs & Forms page left-hand menu, click **List by Title/Chapter** and search for the appropriate chapter on the list provided.

For more information on TSP changes, see the TSP Web site (www.tsp.gov).

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For questions about NFC processing, contact the Payroll Operations Branch at **504-255-4630** . Please refer questions about system access and other system-related issues to Customer Support at **504-255-5230** or via e-mail at *customer.support@usda.gov*.

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MARK J. HAZUDA, Director
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